



# Regional Board Report

**TO:** Regional Board

**FROM:** Marilyn Rilkoff  
Director of Financial Services

**DATE:** January 23, 2020

**SUBJECT:** RDCO 2019 – 2023 Financial Plan Amendment Bylaw No. 1447, 2020

**Voting Entitlement:** All Directors – Weighted Vote – Simple Majority - LGA 210.2

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**Purpose:** To amend the RDCO 2019 – 2023 Financial Plan Bylaw No. 1432, 2019 (copies of original budget pages attached to report).

## Executive Summary:

Year end is in progress and several budget amendments are required based on actual revenues and expenditures. In some cases, deficits resulted, and these require mitigation. Other changes are as noted in the report. Amendments are being proposed to authorize changes to eleven (11) cost centres' budgets.

Cost Centre 095 – SWM EA Garbage Collection has an amendment reflecting unanticipated contract costs associated with transitioning to a new contractor. These additional costs have resulted in a deficit which staff recommends reconciling through the use of operating reserves.

On December 9, 2019, the Board approved a list of projects for commitment/expenditure in Q1 2020. The Category 5 projects identified in that report that were not identified in the financial plan, and the required budget amendments are included here. The largest of these is the \$1.4m TWAS project for Cost Centre 401 – Westside Sewer System: Wastewater Treatment Plant. This project was noted in a previous amendment, but the amount was not known.

## RECOMMENDATIONS:

**THAT** Regional District of Central Okanagan 2019 – 2023 Financial Plan Amendment Bylaw No. 1447 be given first, second and third readings and adopted.

Respectfully Submitted:

Marilyn Rilkoff, CMA CPA  
Director of Financial Services

Approved for Board's Consideration

Brian Reardon, CAO

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**Implications of Recommendation:**

Strategic Plan:	Contribute to Sustainable Communities through: <ul style="list-style-type: none"><li>• Financial Sustainability through Assets and Service Provision</li><li>• Nurturing Responsible Growth and Development</li></ul> Protect and Promote our Environment
Financial:	Budget amendments as noted in bylaw amendment
Legal/Statutory Authority:	Regional District of Central Okanagan 2019 – 2023 Financial Plan Bylaw 1432, 2019 Regional District of Central Okanagan 2019 – 2023 Financial Plan Amendment Bylaw No. 1445, 2019

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**Background:**

Year end is in progress and several amendments are required based on actual revenues and expenditures. In some cases, deficits resulted, and there is the ability to mitigate or reduce these deficits to nil through the use of reserves. Other changes are as noted below.

**Page 16: 303 – Falcon Ridge Water System**

Despite additional unbudgeted revenue of \$7k, there is still an operating deficit of \$1.2k at this time due to additional travel and equipment maintenance and repair costs. Reducing budgeted transfer to reserves from \$12.7k to \$11.5k to reduce deficit to nil. It is normally recommended that funds received for asset renewal be transferred to reserves or utilized for capital projects -- \$25k was received and only \$11.5k is able to be transferred.

**Page 18: 306 – Trepanier Water System**

Additional operating costs were incurred due to damage caused by a third party. An insurance claim is being pursued and accrued revenue and costs have been amended to add \$2.9k. The capital budget is being amended to increase equipment and improvement spending from \$2k to \$4.4k in accordance with additional spending. This is being funded from reserves.

**Page 21: 401 – Westside Sewer System: Wastewater Treatment Plant**

Added \$1.4m to Q1 2020 for capital for TWAS Project as per approved December 9, 2019 Q1 2020 Spending Report. While the project was noted, this amount was not previously known or reflected in the financial plan. Per Engineering staff this is required for new capacity and DCC's are being used to fund the project.

**Page 30: 095 SWM: Solid Waste Collection (Electoral Areas)**

The 2018 Transfer Station Site Study Project for \$15k was disallowed for CWF Funding by UBCM as a non-qualifying project. An amendment is being done to reverse the funding recognized in 2018.

Operating costs have been increased by \$71k. The RDCO's share of 2019 accrued costs for the interim garbage collection contract is estimated at \$68k. There is also \$3k in miscellaneous costs added.

The planned operating reserve transfer of \$10k has been reduced to nil to mitigate the deficit. To reduce the total deficit to nil, budgeted revenues have been amended to reflect \$33.8k of actual additional revenue received and \$42k of operating reserves is being utilized. This has the potential of affecting future parcel tax rates.

Page 46: 110 Regional Planning

As per the December 9, 2019 Q1 2020 Project Spending Report, the reallocation of funds for Regional Growth Strategy Projects to fully fund the Regional Housing Strategy commitment of \$60k has been formally noted. Other RGS projects will again be reviewed during the 2020 Budget process.

Page 57: 142 – Regional Parks:

In 2020, added \$66k for Mission Creek Spawning Channel Retaining Wall and Guardrail Fencing Project as per approved December 9, 2019 Q1 2020 Spending Report. This was not previously reflected in the financial plan. The retaining wall failed and threatens water quality and Kokanee spawning cycle. Funded by reserves.

Page 75: 999 – DCC's

Amended to reflect revised reserve balances as a result of TWAS Project effects.

Page 77: 002 – Corporate Services

Added \$20k to Q1 2020 for capital purchase of folding/sorter machine as per approved December 9, 2019 Q1 2020 Spending Report. This was not previously reflected in the financial plan. Beneficial to purchase in Q1 because of large volumes of bills issued at that time. Funded by reserves.

Page 81: 008 – Central Okanagan West Electoral Area

\$2.4k of additional expenses for UBCM conference and travel resulted in a deficit of \$401. To mitigate further deficit, reduce the budgeted transfer to operating reserve from \$2k to nil and utilize \$401 of operating reserve to reduce the deficit to nil.

Page 82: 009 – Central Okanagan East Electoral Area

\$2.97k of additional expenses for UBCM conference and travel resulted in a deficit of \$973. To mitigate further deficit, reduce the budgeted transfer to operating reserve from \$2k to nil and utilize \$972 of operating reserve to reduce the deficit to nil.

Page 95: 120 – Economic Development Commission

\$2.7k Equipment budgeted as operating moved to capital (desk & computer). Reduced operating expense and transferred funds to reserves to fund in capital budget.

**Financial Considerations:** Budget amendments as noted above.

**Alternative Recommendation:**

The Board could choose to approve only portions of the bylaw amendment and staff would amend accordingly.

***Considerations not applicable to this report:***

- General
- Organizational
- Policy
- Organizational Issues
- External Implications

**Attachment(s):**

- RDCO 2019-2023 Financial Plan Amendment Bylaw No. 1447
- Current Budget Bylaw Pages